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Court of Common Pleas

New Case Electronically Filed: COMPLAINT
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Confirmation Nbr. 3081138

LOURENCO GONCALVES ET AL

CV 24 992430

vs.

GORDON JOHNSON

Judge: KEVIN J. KELLEY

Pages Filed: 12

**IN THE COURT OF COMMON PLEAS
CUYAHOGA COUNTY, OHIO**

Lourenco Goncalves
c/o Cleveland-Cliffs Inc.
200 Public Square, Suite 3300
Cleveland, Ohio 44114

and

Cleveland-Cliffs Inc.
200 Public Square, Suite 3300
Cleveland, Ohio 44114

Plaintiffs,

v.

Gordon Johnson
401 Park Avenue South
New York, New York 10016

Defendant.

CASE NO. _____

JUDGE _____

JURY DEMAND
ENDORSED HEREON

COMPLAINT

Plaintiffs Lourenco Goncalves and Cleveland-Cliffs Inc. (“Cliffs”), by their undersigned counsel, allege upon knowledge as to themselves and upon information and belief as to other matters, as follows:

NATURE OF THE CLAIM

1. Defendant Gordon Johnson is a sell-side analyst who advocates for short-sellers—that is, for investors who bet that the price of a stock will go down. Mr. Johnson presents

himself to investors as an experienced equity research analyst and a “top stock picker” in the steel and iron ore sectors, among others, with a record of accuracy.

2. In reality, Mr. Johnson has a history of making false and misleading statements about Cliffs and Cliffs’ CEO to bolster his agenda and support his hypotheses. In 2017, Mr. Johnson published an analyst report that presented a false and misleading analysis of Cliffs’ stock prospects based on inaccurate statements about open market purchases by Cliffs’ CEO Lourenco Goncalves. Mr. Goncalves had made open market purchases of Cliffs stock, which is generally viewed as a sign of management confidence in a company’s future outlooks. In order to support his own thesis that Cliffs stock would go down, however, on May 4, 2017, Mr. Johnson published a report falsely claiming Mr. Goncalves’ purchases meant that Cliffs stock would decline. He supported this thesis with several false facts.

3. Cliffs and Mr. Goncalves sued Mr. Johnson and his employer, Axiom Capital Management (“Axiom”), for defamation on May 10, 2017. Mr. Johnson removed the case to federal court and then moved to dismiss the complaint, which Judge Solomon Oliver denied on September 28, 2017. After discovery, Johnson and Axiom agreed to issue a retraction that corrected his false statements and showed that after Mr. Goncalves’ six open market purchases, Cliffs’ stock had increased between 40 and 228 percent. A copy of the August 29, 2018 retraction is attached as **Exhibit 1**. Mr. Johnson and Axiom also made a cash payment to Cliffs as part of the settlement.

4. The retraction made clear that Mr. Johnson’s assertion about Cliffs’ stock declining after its CEO made purchases was false.

5. Mr. Johnson has since left Axiom, but he continues to act as a sell-side advisor, most recently at GLJ Research, which on information and belief is named based on his own initials.

6. Mr. Johnson actively promotes his analyses and hypotheses through multiple media outlets beyond published analyst reports. This includes appearances on television and online media platforms as well as providing commentary through other media outlets.

7. Mr. Johnson's promotion includes publishing comments on the online forum provided by Bloomberg Professional Services, which operates "Bloomberg Intelligence," a service that provides subscribers with access to investment discussions, including an investment chat room devoted to "Metals & Mining." In 2023, Mr. Johnson was banned from posting on Bloomberg's "Metals & Mining" investment forum for violation of its terms of service with respect to comments he made about Cliffs.

8. Recently, however, Mr. Johnson has resumed posting. While his posts are under an anonymous user number, based on the content and context of the posts, Cliffs believes that "MEMBER 50604" is Gordon Johnson. Cliffs believes that the relevant investment community also recognizes that Mr. Johnson is "MEMBER 50604" based on the content of his posts.

9. In his recent posts as to Cliffs, Mr. Johnson continues to try to extol his "short" thesis with the same lies he made in 2017. For example, after Cliffs' CEO announced an anticipated purchase of Cliffs' stock, Mr. Johnson (as MEMBER 50604) commented in the Bloomberg "Metals & Mining" investment forum as follows:

MEMBER 50604 08:45:39 If you split market cap weighted vs. equal weight. There's a massive divergence. Just the Mag7 everything else is deteriorating. That'll catch up with rest of the market... and soon. **LG always pumps. The worse things get, the more he pumps.**

MEMBER 83414 08:45:51 sounds like Andy Forrest of Fortescue

MEMBER 50604 08:46:02 **And, if you've shorted when he's buying, you've typically done well.**

10. Mr. Johnson's posts thus contain the same false statement that gave rise to Cliffs' defamation claim against Mr. Johnson in 2017.

11. Mr. Johnson also has made other defamatory statements about Cliffs and its CEO. For example, Mr. Johnson (as MEMBER 50604) has posted that Mr. Goncalves lies to obtain government funding and that Mr. Goncalves acts like a mafia boss. By impugning the character and business reputation of Cliffs' Board and executives in their roles and actions taken to conduct Cliffs business, Mr. Johnson impugns Cliffs as a whole.

12. Mr. Johnson's statements remain available to anyone who has access to the Bloomberg "Metals & Mining" investment forum, and he continues to post additional statements on a regular basis.

13. Plaintiffs seek compensatory and punitive damages and injunctive relief against Gordon Johnson.

THE PARTIES

14. Plaintiff Lourenco Goncalves is the Chairman, President, and Chief Executive Officer of Cleveland-Cliffs Inc., a position he has held since August 2014.

15. Plaintiff Cleveland-Cliffs Inc. is a Cleveland-based steel and mining company with a history tracing back to 1847. Cliffs is a corporation organized and existing under the laws of Ohio with its principal place of business at 200 Public Square, Suite #3300, Cleveland, OH 44114.

16. Defendant Gordon Johnson is a resident of New York. Mr. Johnson's work as a financial analyst focuses on, among others, the steel and iron ore sectors, including Cliffs.

JURISDICTION AND VENUE

17. This Court has jurisdiction over the subject matter of this action pursuant to R.C. 2305.01.

18. Venue is proper in this Court because all or part of the claim for relief arose in this County and because Cliffs has its principal place of business in this County and Mr. Goncalves is regularly present in this County to conduct business on behalf of Cliffs. Mr. Johnson directed his statements on the Bloomberg “Metals & Mining” investment forum at Mr. Goncalves, in his role as Chairman, President, and Chief Executive Officer of Cliffs, and at Cliffs.

FACTUAL ALLEGATIONS

19. Bloomberg Professional Services operates an online service called “Bloomberg Intelligence,” a service that provides subscribers with interactive data and research about specific industries. A Bloomberg Intelligence subscription comes with access to forums where analysts, investors, and others can have real-time discussions about various topics. One such forum is the “Metals & Mining” investment forum. The forum is a place for analysts and peers—all market participants—to turn to for real-time updates and discussions. Admitted users may view posts and interact on the “Metals & Mining” investment forum.

20. Mr. Johnson, a licensed investment advisor and the founder and CEO of GLJ Research, an investment research company, has used the Bloomberg “Metals & Mining” forum as a platform from which to propound his false hypothesis that when Mr. Goncalves purchases stock in Cliffs, it is a sign that Cliffs’ stock prices will decline.

21. Mr. Johnson previously advocated for this theory in a report published by Axiom on May 4, 2017. Cliffs and Mr. Goncalves sued for defamation, and as part of a settlement, Mr. Johnson and Axiom not only made a cash payment to Cliffs, but published a retraction

recognizing that Cliffs' stock actually increased between 40 to 228 percent after Mr. Goncalves' six open market purchases during the time period discussed in the report. (*See Exhibit 1*).

22. Mr. Johnson has since left Axiom and now works as a sell-side investor at GLJ Research. But he continues to expound the same false statements. His latest forum of choice is the Bloomberg "Metals & Mining" investment forum.

23. In his posts on the Bloomberg "Metals & Mining" investment forum, Mr. Johnson has purported to offer factual statements about Mr. Goncalves' fitness for his role at Cliffs and about the general business affairs of Cliffs. Mr. Johnson has discussed matters such as Cliffs' EBITDA, stock prices, and business strategies. By posting this information, Mr. Johnson has held himself out to be knowledgeable and well-informed about Mr. Goncalves, how Cliffs operates its business, and how Cliffs' shares are faring in the market.

24. While Mr. Johnson posts under the anonymous user number "50604," based on the content and context of his posts, Cliffs believes that Mr. Johnson is "MEMBER 50604." Cliffs believes that, based on the content of the posts, anyone in the investment community who follows Cliffs would conclude that Mr. Johnson is "MEMBER 50604."

25. Mr. Johnson has publicly asserted numerous false statements about Mr. Goncalves and Cliffs, and he continues to reiterate the same false "thesis" from his 2017 report. For example, after Cliffs' CEO recently announced an anticipated purchase of Cliffs' stock, Mr. Johnson (as MEMBER 50604) commented in the Bloomberg "Mining & Metals" investment forum that: "[i]f you split market cap weighted vs. equal weight. There's a massive divergence. Just the Mag7 everything else is deteriorating. That'll catch up with rest of the market... and soon. LG always pumps. The worse things get, the more he pumps," and "if you've shorted

when he's [Mr. Goncalves] buying, you've typically done well." As his own retraction published in 2017 demonstrates, Mr. Johnson knows this statement is false.

26. Mr. Johnson has made additional false and defamatory statements on the investment forum as MEMBER 50604, including:

- a. That Mr. Goncalves is "now doing the ESG lie where you don't have to support your claims in order to try to get more gov't handouts (see E. Musk)."
- b. That "the worst the envionrment [*sic*] gets, the more pricde [*sic*] hikes they announce. When things are good, they don't annoucne [*sic*] hikes."
- c. That, during an earnings call, the last time Mr. Goncalves "talked like this, CLF's [Cliffs'] stock went to \$2.00/shr" and "[i]t went from \$23/shr to \$2/shr."
- d. That Mr. Goncalves "acts like" a mafia boss.

27. Despite previously being banned from posting on Bloomberg's "Metals & Mining" investment forum in 2023, Mr. Johnson continues to post false and materially misleading statements on the Bloomberg "Metals & Mining" investment forum.

28. Upon information and belief, Mr. Johnson has not recanted or withdrawn his false and defamatory statements in the "Metals & Mining" investment forum.

29. Mr. Johnson's statements impugn the business reputation of Mr. Goncalves, Cliffs' Chairman, President, and CEO, as well as Cliffs as a whole. The statements injure Mr. Goncalves' and Cliffs' business reputation and goodwill, and are intended to influence market sentiment concerning Cliffs' stock.

30. Based on Mr. Johnson's conduct, Plaintiffs are entitled to recover punitive damages.

COUNT 1.

LIBEL

31. Cliffs repeats and realleges the allegations in paragraphs 1 through 30 as if fully set forth herein.

32. Mr. Johnson posted false statements on the Bloomberg “Metals & Mining” investment forum, an online forum which is accessible to users who have been admitted to interact on the forum. Cliffs’ headquarters, many of its employees, and many of its investors are located in Ohio, where Mr. Johnson’s defamatory comments were intended to be and were seen.

33. Mr. Johnson’s posts on the Bloomberg “Metals & Mining” investment forum contained statements of fact which were false when made. It is clear that Mr. Johnson made the false and defamatory statements with knowledge that the statements were false, or in reckless disregard for their truth.

34. The false statements published on the Bloomberg “Metals & Mining” investment forum injure Mr. Goncalves’ and Cliffs’ business reputation and goodwill.

35. Mr. Johnson did not act reasonably in attempting to discover the truth or falsity or the defamatory character of his statements before publishing them.

36. The publication of the statements on the Bloomberg “Metals & Mining” investment forum was malicious. Mr. Johnson knew that the statements he posted in the investment forum were false when made, or he acted with reckless disregard as to their truth or veracity in making such statements.

37. Mr. Johnson’s statements made on the Bloomberg “Metals & Mining” investment forum remain available to Bloomberg Intelligence subscribers.

38. As a result of Mr. Johnson’s false and defamatory statements, Plaintiffs have suffered defamation per se.

PRAYER FOR RELIEF

Wherefore, Plaintiffs respectfully request that this Court enter judgment in its favor and against Gordon Johnson as follows:

- a. Awarding compensatory monetary damages against Mr. Johnson in an amount to be determined at trial;
- b. Awarding punitive damages against Mr. Johnson in an amount to be determined at trial;
- c. Awarding Plaintiffs their costs and expenses and reasonable attorney's fees;
- d. Entering an injunction against Mr. Johnson that directs the Defendant to withdraw the false and defamatory statements on the Bloomberg "Metals & Mining" investment forum and to refrain from such false and defamatory statements in the future; and
- e. Awarding such other and further relief as this Court finds just and proper.

JURY DEMAND

Plaintiffs demand a trial by jury on all issues so triable.

Dated: February 7, 2024

Respectfully submitted,

/s/ Robert S. Faxon

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EXHIBIT 1

4.53.196.195



A X I O M

Settlement of Defamation Lawsuit

August 29, 2018 07:00 AM Eastern Daylight Time

NEW YORK--(BUSINESS WIRE)--Today, Gordon Johnson ("Johnson") and Axiom Capital Management, Inc. ("Axiom") announce the settlement of their dispute with Cleveland-Cliffs Inc. ("CLF") and its Chairman, President, and Chief Executive Officer, Lourenco Goncalves.

As part of the settlement, Johnson and Axiom acknowledge the omission of additional stock purchase information in their May 4, 2017 analyst note, which contained a sell recommendation in response to Mr. Goncalves' May 3, 2017 open-market purchase of CLF shares.

The information omitted in the original report includes other material purchases of CLF shares, which were publicly disclosed in CLF's Form 4 filings with the Securities and Exchange Commission for Mr. Goncalves. These purchases and each of their respective performances are as follows:

Date	Shares Purchased	Purchase Price	8/27/2018 Price	Gain (Loss)
3/4/2015	100,000	\$ 6.54	\$ 10.15	55.20%
5/21/2015	91,852	\$ 5.04	\$ 10.15	101.39%
5/26/2015	108,148	\$ 5.12	\$ 10.15	98.24%
5/9/2016	100,000	\$ 3.09	\$ 10.15	228.48%
5/3/2017	200,000	\$ 6.36	\$ 10.15	59.59%
8/10/2017	100,000	\$ 7.24	\$ 10.15	40.19%
9/15/2017	100,000	\$ 7.16	\$ 10.15	41.76%

In spite of these results, Johnson and Axiom stand by their May 4, 2017 sell recommendation for CLF shareholders.

Safe Harbor Disclosures

The information and market prices contained in this press release were obtained from sources believed to be reliable however accuracy cannot be guaranteed. Although a security may be mentioned in this press release, it is neither a solicitation nor offer to buy or sell any security. Past performance is no guarantee or indication of future results. This press

release may contain forward-looking statements that involve substantial risks and uncertainties. There may be events in the future, however, Axiom is not able to predict accurately or control. Any forward-looking statement made by us in this press release speaks only as of the date on which we make it. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Contacts

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Chief Compliance Officer